

Dixie Pipeline C O M P A N Y

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October 2, 2008

Pipeline and Hazardous Materials Safety Administration
Office of Pipeline Safety
233 Peachtree St., Suite 600
Atlanta, GA 30303

Attn.: Ms. Linda Daugherty
Director, Southern Region

Re: CPF 2-2008-5008W
Response to Warning Letter
Dixie Pipeline Company (Dixie)
November 1, 2007 accident on 12" line near Carmichael, Mississippi
Inspection of Dixie Hydrotest on July 8, 2008.

Dear Ms. Daugherty,

In response to the Warning Letter issued to Dixie by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") Southern Region dated September 2, 2008, Dixie has taken the following corrective action to address the issue raised by the Warning Letter.

Procedural language has been placed into the Dixie Liquids Operations, Maintenance and Emergencies Manual ("O&M Manual") to reflect the allowance of using local or outside procedures that provide supplemental 49 CFR Part 195 procedural guidance to those procedures included in the O&M Manual. The modified O&M Manual section is included.

If you have any comments or questions, please contact us at your convenience.

Sincerely,



Jim Collingsworth
President, Dixie Pipeline Company

Attachment

INTRODUCTION - GENERAL

1.1 SCOPE

§195.0 Scope

"This part prescribes safety standards and reporting requirements for pipeline facilities used in the transportation of hazardous liquids or carbon dioxide."

All Company pipeline facilities are to be designed, constructed, operated, and maintained in accordance with generally accepted industry standards and applicable governmental statutes and regulations. While pipeline facilities perform a necessary service in safely moving large quantities of petroleum products, it is recognized that certain hazards are inherent to such movements. This manual provides procedures for the safe operation and maintenance of pipeline facilities and defines certain requirements specified by governmental agencies. General procedures, pertinent for all systems, are covered in Section 1.0 and continue throughout the entire manual.

NOTE: OFFSHORE OPERATIONS – 49 CFR Part 195, API 14C

Any pipeline transporting, receiving or delivering product to or from a Department of Interior (DOI) platform facility will have guidelines and requirements that follow both Part 195.0 and API 14C, when applicable.

It is recognized that this manual will not cover all situations that may arise. Hence, operating personnel are required to familiarize themselves with all aspects of their jobs, so appropriate action will be taken under all operating conditions. Special thought and attention shall be given to situations that might cause an emergency, to ensure emergency procedures will be implemented in a timely manner. During such emergencies, Operations Control shall maintain written notes and/or logs, and as appropriate, by others involved, so the procedures can be reviewed and modified as necessary for future use. Such records also provide documentation to show procedures were properly followed. Of particular importance are records of any leak notification by others and actions taken, including contacts with emergency assistance agencies. Records shall include the time, date, telephone number, and name of the person reporting a leak or contacted regarding a leak.

If we discover any condition that could adversely affect the safe operation of any of the Company's pipeline systems, we shall correct it within a reasonable time. If any condition is of such a nature that it presents an immediate hazard to persons or property, we may not operate the affected part of that system until the unsafe condition has been corrected.

This manual is designed to be used with all hazardous liquid pipeline systems operated by the Company that are subject to 49 CFR Part 195. Unique items which apply to a specific pipeline facility and common procedures covered in the remaining sections of this manual shall be read as applying when appropriate, to each pipeline facility.

Whereas this manual is designed to meet or exceed the minimum requirements of 49 CFR Part 195, it is acceptable and allowable for field operations and Local Operating areas to utilize other external procedures that supplement the procedures included within this manual.

If situations and circumstances warrant, any requirement of this manual may be considered for a waiver provided the requested waiver complies with the minimum

requirements of any affected DOT regulations. The Compliance Manager and Vice President of Operations are responsible for granting waivers to this manual.

Each waiver must be in writing to avoid non-compliance issues with the O&M procedures and must be retained to document that deviation from the written O&M procedures has been approved as a waiver. Compliance will assure that all O&M manual waivers are limited and comply with regulations.

If an operator wishes to request a waiver of a codified regulation, it must request such a waiver through the Compliance Manager. The Compliance Manager will present the regulatory waiver following Federal and State agency protocols for agency acceptance or rejection. This type of waiver is beyond the scope of O&M waivers and should not be addressed in the O&M manual.